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Message Text

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41 40
ACTION SS-15

INFO OCT-01 CCO-00 RSC-01 FILE-01 SSO-00 ADP-00 RSR-01

/019 W
---------- 129864
R 221245 Z MAY 73
FM AMEMBASSY SAN JOSE
TO AMEMBASSY BRASILIA
INFO SECSTATE WASHDC 4053

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TOSEC

S/ S: MARTIN

E. O. 11652: N/ A
TAGS: EIND, OVIP, CS
SUBJECT: ADDENDUM TO CONTINGENCY PAPER RE FOREIGN MINISTER FACIO -- COTTON TEXTILES

REF: (A) SAN JOSE 1422 (B) STATE 125

1. REFTEL A DESCRIBED QUERY I RECEIVED FROM FOREIGN MINISTER FACIO AS TO WHETHER IT WOULD BE FRUITFULL NOW TO RENEW NEGOTIATIONS FOR A NEW COTTON TEXTILE BILATERAL. IF FACIO HAS AN OPPORTUNITY TO TALK TO YOU IN BUENOS AIRES, IT IS POSSIBLE THAT HE MAY RAISE SAME QUERY WITH YOU. THE FOLLOWING BACKGROUND IS THEREFORE SUPPLIED AS AN ADDENDUM TO THE CONTINGENCY PAPER TRANSMITTED IN REFTEL (B).

2. OUR COTTON TEXTLE BILATERAL WITH COSTA RICA, NEGOTIATED UNDER THE LONG TERM AGREEMENT ON INTERNATIONAL TRADE IN COTTON TEXTILES, EXPIRED SEPTEMBER 30, 1971. EFFORTS TO RENEW IT EXTENDED OVER ONE YEAR BUT FAILED BECAUSE WE COULD NOT AGREE ON THE LEVEL OF IMPORTS TO BE PERMITTED. COSTA RICA HAS PERSENTENTLY MAINTAINED IT
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SHOULD BE ACCORDED TREATMENT AS FAVORABLE AS THAT GIVEN NICARAGUA AND HAS ASKED FOR AN AGGREGATE OF APPROXIMATELY 5 MILLION YEARDS. WE HAVE MAINTAINED THAT NEW AGREEMENTS MUST BE BASED ON CURRENT TRADE LEVELS, AND 5 MILLION SQUARE YARDS IS TOO FAR OUT OF PROPORTION TO SUCH LEVELS. WE DID OFFER SIZEABLE PERCENTAGE INCREASES WHICH BY THE SECOND YEAR WOULD HAVE RESULTED IN A LEVEL OF 3.8 MILLION YARDS, BUT NO MEETING OF THE MINDS WAS POSSIBLE.

3. SINCE THE LAST NEGOTIATIONS COLLAPSED IN SEPTEMBER 1972, TRADE HAS TAKEN PLACE WITHOUT A BILATERAL AGREEMENT. IN THIS SITUATION EXPORTS TAKE PLACE UNTIL THEY REACH A LEVEL WHICH WE DETERMINE THREATENS TO DISRUPT THE MARKET. AT THAT POINT WE MAY INVOKE PROVISIONS OF THE LTA TO ESTABLISH A RESTRAINT LEVEL OR QUOTA. SO FAR THIS HAS HAPPENED IN ONLY ONE CATEGORY; OTHER EXPORTS CONTINUE. AND AS FACIO INDICATES THE INDUSTRY IS NOT YET SERIOUSLY ENDANGERED, BUT IT WOULD LIKE TO PLAN AND HOPEFULLY TO EXPAND.

4. IF FACIO SHOULD RAISE THIS QUESTION WITH YOU, I RECOMMEND YOU REPLY SIMPLY THAT IT IS A TECHNICAL MATTER AND YOU WILL HAVE THE CIRCUMSTANCES REVIEWED AND AN ANSWER RELAYED TO HIM. HE WILL NOT EXPECT ANY DEFINITIVE ANSWER NOW OR EVEN TECHNICAL DISCUSSION ON THE POINTS.
VAKY

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*** Current Handling Restrictions *** n/a
*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Authority: garlanwa
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Disposition Date: 28 MAY 2004
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